

AMENDED IN SENATE JUNE 14, 2004

AMENDED IN SENATE MAY 19, 2004

AMENDED IN SENATE APRIL 29, 2004

AMENDED IN SENATE JUNE 25, 2003

AMENDED IN ASSEMBLY MARCH 20, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 434

Introduced by Assembly Member Hancock
(Coauthor: Assembly Member Canciamilla)
~~(Coauthors: Senators Perata and Torlakson)~~
(Coauthors: Senators Perata and Torlakson)

February 14, 2003

An act to add Section 53856.2 to the Government Code, relating to temporary borrowing by the City of Richmond, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 434, as amended, Hancock. Finances: City of Richmond.

Existing law authorizes a local agency, as defined, to borrow money, pursuant to a specified procedure, with the indebtedness represented by a note or notes issued to the lender. The procedure authorizes the local agency to pledge revenues to the payment of the note or notes and the interest, as specified, and makes any note issued a general obligation of the local agency to the extent it is not paid by the pledged revenues.

This bill would authorize the City of Richmond to issue these notes and to pledge property tax revenues apportioned to the city for the payment of the notes according to a specified procedure.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. It is the intent of the Legislature in enacting this~~
2 ~~act that the City of Richmond continue to explore innovative~~
3 ~~cost-cutting measures, including a charter amendment to reduce~~
4 ~~the size of the city council.~~

5 ~~SEC. 2.—~~

6 SECTION 1. Section 53856.2 is added to the Government
7 Code, to read:

8 53856.2. (a) The City of Richmond may issue notes pursuant
9 to this section. Except to the extent inconsistent with this section,
10 notes issued pursuant to this section shall also be subject to this
11 article.

12 (b) The resolution of the City of Richmond providing for the
13 issuance of the notes pursuant to this section shall provide that the
14 Auditor of the County of Contra Costa shall make one or more
15 transfers directly to the trustee or fiscal agent for the notes issued
16 pursuant to the resolution out of the property tax revenues
17 apportioned to the City of Richmond pursuant to Article 2
18 (commencing with Section 96) of Chapter 6 of Part 0.5 of Division
19 1 of the Revenue and Taxation Code, except for amounts collected
20 in respect of taxes levied pursuant to subdivision (b) of Section 1
21 of Article XIII A of the California Constitution, in the amounts
22 and at the times necessary to fund any required set-asides to pay
23 principal and interest on the notes, as specified in the resolution.
24 The transfers shall in no event be made earlier than January 15 in
25 any fiscal year. No transfer may exceed the amount available to be
26 apportioned to the City of Richmond from property tax revenues
27 at the time the transfer is required to be made.

28 (c) In the event that, prior to the date of any transfer specified
29 in subdivision (b), property tax revenues are available to be
30 apportioned to the City of Richmond in excess of the amount of the



1 transfer, the Auditor of the County of Contra Costa shall pay the
2 excess amounts to the City of Richmond only if the Auditor of the
3 County of Contra Costa determines that the remaining property tax
4 revenue available to be apportioned to the City of Richmond
5 during the fiscal year will be sufficient to make the transfers
6 specified in subdivision (b).

7 (d) The City of Richmond shall send a certified copy of the
8 resolution providing for the issuance of the notes pursuant to this
9 section to the Auditor of the County of Contra Costa. The Auditor
10 of the County of Contra Costa shall make the transfers in the
11 amounts and at the times specified in this section.

12 (e) The trustee or fiscal agent for the notes issued pursuant to
13 this section shall have a lien on the property taxes collected by the
14 County of Contra Costa that are apportioned to the City of
15 Richmond pursuant to Article 2 (commencing with Section 96) of
16 Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation
17 Code, except for amounts collected in respect of taxes levied
18 pursuant to subdivision (b) of Section 1 of Article XIII A of the
19 California Constitution, the rights of the City of Richmond to
20 receive these apportioned property taxes, the amounts transferred
21 by the Auditor of the County of Contra Costa pursuant to this
22 section, and the proceeds of all of the foregoing property. This lien
23 shall secure the payment of all amounts due on the notes. This lien
24 shall arise by operation of this section automatically upon the
25 issuance of the notes without the need for any action on the part of
26 any person. This lien shall be valid, binding, perfected, and
27 enforceable against the City of Richmond, its successors,
28 creditors, purchasers, and all others asserting rights in the property
29 described in this paragraph, irrespective of whether those persons
30 have notice of the lien, irrespective of the fact that the property
31 subject to the lien may be commingled with other property, and
32 without the need for physical delivery, recordation, public notice,
33 or any other act. This lien shall be a first priority lien on the
34 property described in this paragraph.

35 ~~SEC. 3.—~~

36 *SEC. 2.* The Legislature finds and declares that a special law
37 is necessary and that a general law cannot be made applicable
38 within the meaning of Section 16 of Article IV of the California
39 Constitution because of the unique circumstances of the City of
40 Richmond. The facts constituting the special circumstances are:

1 The City of Richmond is facing a critical cashflow shortfall. The
2 city needs the added security measures in this act to be able to issue
3 short-term notes to adequately manage its short-term cashflow.

4 ~~SEC. 4.—~~

5 *SEC. 3.* This act is an urgency statute necessary for the
6 immediate preservation of the public peace, health, or safety
7 within the meaning of Article IV of the Constitution and shall go
8 into immediate effect. The facts constituting the necessity are:

9 The City of Richmond is facing a critical cashflow shortfall and
10 may need to issue short-term notes early in the 2004–05 fiscal year.
11 Further, there have been recent downgrades in the city’s credit
12 ratings. In order to allow the notes to be adequately secured and
13 marketable at reasonable interest rates at the earliest possible time,
14 it is necessary that this act take effect immediately.

